

UNITED STATES MARINE CORPS
Financial Management School
Marine Corps Combat Service Support Schools
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FMO 0301
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STUDENT OUTLINE

FUND FLOWS AND ORGANIZATIONAL DATA ELEMENTS

LEARNING OBJECTIVES:

1. TERMINAL LEARNING OBJECTIVE: Given the requirement to construct accounting/ appropriation data, and the references construct accounting/appropriation data to ensure funds are obligated against the proper appropriation in accordance with the DFAS-CL (NAVSO-P) 1000.2M. (3404.07.01)

2. ENABLING LEARNING OBJECTIVES:

(a) Without the aid of references and given written questions, identify the source of Marine Corps funds in accordance with DFAS-CL (NAVSO-P) 1000.2M. (3404.07.01a)

(b) Without the aid of references and given a list of appropriations and a list of expenses, match each expense to the correct appropriation to be used in accordance with DFAS-CL (NAVSO-P) 1000.2M. (3404.07.01b)

(c) Without the aid of references and given written questions state the purpose of organizational data elements in accordance with DFAS-CL (NAVSO-P) 1000.2M. (3404.07.01c)

OUTLINE

1. SOURCE OF MARINE CORPS FUNDS:

A. All Marine Corps funds are provided by Congress, principally by means of annual legislation known as the Department of Defense Appropriation Act. Before an Appropriation Act is passed, it must be preceded by an Authorization Act. The Authorization Act estimates the maximum amount of money that may be appropriated (designated) for such things as military and civilian end strengths (the number of Marines and civilians we

are allowed to have), equipment purchase quantities, training student loads, and other similar limitations.

An appropriation constitutes the authority for the government to incur liabilities (i.e., make obligations to obtain goods and services and to make payments for ordered and received goods and services) out of the United States Treasury. In fact, it is the Constitution of the United States which requires that

"No money shall be drawn from the Treasury, but on consequence of Appropriation made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

B. Appropriations are made from the Treasury's general fund by the Congress for specified purposes and cannot be used for other than the purpose stipulated by law. Some of the different purposes for which an appropriation is approved are to pay for day-to-day operating costs (these appropriations are called operations and maintenance); purchase weapon systems and ammunition (these appropriations are called procurement); pay for military labor costs (these appropriations are called military personnel); pay for the construction of buildings and facilities (these appropriations are called military construction); etc.. A simple way of looking at an appropriation is to think of it as a "Bank Account" at the Treasury that we can use to buy various goods and services.

2. MARINE CORPS APPROPRIATIONS: The Marine Corps is funded through many appropriations. Those appropriations with which we are mainly concerned can be classified into three types - one year (also called annual); multiple (or more-than-one-year); and no-year (or continuing). The classification is determined by the period of time that the appropriation is available for obligations. Let's now take a closer look at each of these types of appropriations:

A. Annual Appropriations. These appropriations are generally used for current administrative, maintenance, and operational programs. Annual appropriations are available for incurring new obligations for only one fiscal year (remember that fiscal years go from 1 Oct through 30 Sep). The term "new obligation" means the initial order, requisition, or contract to another command, government agency, or private business to obtain a good or service needed by the command for mission support or mission accomplishment. New obligations can only be

created during the period of 1 October through 30 September (a specific fiscal year) for an annual appropriation. However, annual appropriations can have payments made against them for an additional five years beyond the authorized fiscal year. This concept is nothing more than ordering goods and services during the current year the appropriation is authorized and not paying for the item until it is received and accepted even though the item may be delivered the following year. These appropriations are also referred to as one-year appropriations. Examples of annual appropriations are as follows:

(1) Military Personnel, Marine Corps (MP,MC) - The MP,MC Appropriation provides funds for the pay and allowances of all active duty Marines; the cost of subsistence for enlisted personnel; costs related to permanent change of station travel; and for a variety of other miscellaneous military personnel costs. With the exception of subsistence (operational rations and food for dining facilities), the administration of this appropriation is handled at the Headquarters Marine Corps level.

(2) Reserve Personnel, Marine Corps (RP,MC) - The RP,MC Appropriation provides for funds for such expenses as pay and allowances for Reserve personnel on active duty for training, drill pay, uniform clothing and alterations, subsistence, travel, disability and hospital benefits, and group life insurance related to Reserve personnel, Reserve officer candidates, and Marine Corps Junior Reserve Officer's Training Corps.

(3) Operation and Maintenance, Marine Corps (O&M,MC) - The O&M,MC Appropriation provides funds for officer and troop training, recruiting; such diverse functions as administration; operation of the supply system; maintenance of equipment; temporary additional duty travel and miscellaneous costs; medical and dental care. It also provides funds for personnel support activities such as dining facilities, barracks, BOQ's, service clubs, commissaries; maintenance and repair of property; operation and purchase of utilities; minor construction; engineering support; and other base services, such as motor transport, communications, security, etc..

(4) Operation and Maintenance, Marine Corps Reserve (O&M,MCR) - The O&M,MCR Appropriation provides funds for Marine Corps reserve units for such support as equipment operating costs; consumable supplies; maintenance of Headquarters Marine Corps-furnished augmentation equipment and temporary additional duty costs in support of reserve training conferences. The 4th

Marine Division and 4th Marine Aircraft Wing are funded through this appropriation for such items as the operation and maintenance of reserve training centers; civilian labor; maintenance and replacement of station property; reserve recruiting operations; and hire of commercial transportation for field training of reservists.

(5) Family Housing Management Account, Defense (FHMA,D)
- The FHMA,D Appropriation provides funds for the operation and maintenance of various types of family quarters located on board Marine Corps installations.

B. Multiple-year appropriations. These appropriations are available for incurring obligations for a definite period in excess of one fiscal year. Multiple-year appropriations provide funds for weapons, ammunition, and other major items required by the Fleet Marine Force and finance the research into advanced combat weaponry and equipment. Examples of multi-year appropriations are

(1) Procurement, Marine Corps (P,MC) - The P,MC Appropriation provides funds for the procurement of major items of equipment, classified as investment items, including such things as tanks, trucks, radios, and guided missile equipment. It also provides for major items of commercial equipment and support of initial outfitting of spares/major parts for newly fielded weapon systems.

(2) Research, Development, Test, and Evaluation, Navy (RDT&E,N) - The RDT&E,N Appropriation finances the research into advanced combat weaponry and equipment. The Marine Corps is concerned with this appropriation only when the funds are used in support of Marine Corps programs.

C. No-year appropriations. These appropriations are more accurately described as revolving funds. Revolving funds finance a cycle of operations in which the original no-year funds are used and then replenished through reimbursements and collections from other appropriations. This process allows the revolving fund to be self-sufficient once it is established by Congress. The theory of a revolving fund is that, once it is established, no future authorization of funds is required to supplement the original established fund principal to cover the cost of increasing prices (inflation), changes in requirements due to advanced technology and changes in the mission. An example of no-year appropriations is the Defense Business Operating Fund (DBOF).

(1) DBOF Stock Fund - This revolving fund was initially established by Congress. This fund finances the procurement and inventories of those standard supply and equipment parts of a consumable nature for which there is a recurring demand. The cost of these items is normally chargeable to the O&M,MC funds of the commander who requests and receives the items from supply stock. In other words, the commander who buys the parts from the warehouse pays for the item with his normal operating funds (O&M,MC). The money received is then used by the warehouse to replenish his inventory.

(2) DBOF Industrial Fund - This revolving fund is established in accordance with requirements of the Secretary of Defense. The Industrial Fund provides the working capital(money) to finance the operations of the overhaul and repair facilities at the Marine Corps Logistic Support bases in Albany, GA and Barstow, CA. The capital is replenished by the funds received as a result of periodic billings to customer activities for work or services the Depots have performed.

(3) Wildlife Conservation in Military Reservations, Navy (WCMR,N) - These funds are derived from fees collected (sale of fishing and hunting permits) pursuant to approved wildlife conservation programs established in accordance with instructions issued by Headquarters Marine Corps.

3. Appropriation Symbol: The identification method used for appropriations are known as "accounting symbols." The use of accounting symbols ensures that all charges and credits to the appropriations are reported to Headquarters Marine Corps so that the status (balance) of each appropriation may be determined at any time. These symbols are used to identify charges and credits to appropriations in lieu of using titles.

A. Appropriation symbols for all Marine Corps appropriations contain seven digits, with the exception of the Family Housing Management Account, Defense, which contains nine. The meaning of each digit or combination of digits (from left to right), is as follows:

(1) The first two digits designate the government department or establishment responsible for administering the appropriation. All Navy and Marine Corps appropriations begin with the digits "17".

(2) The third digit designates the fiscal year for which the appropriation is used. For annual and multiple-year

appropriations, only the last digit of the fiscal year is used. For no-year appropriations, an "X" is inserted in lieu of a fiscal year designator.

(3) The last four digits designate the Basic Symbol of a particular appropriation. Examples of Basic Symbols are 1106 for O&M,MC, 1105 for MP,MC, and 1109 for P,MC.

B. For the Family Housing Management Account, Defense appropriation, the appropriation symbol is nine digits. This is because an appropriation is being transferred from another government department to the Marine Corps and the complete symbol used by that department is retained and prefixed by the digits "17".

4. SUB-DIVISION OF AN APPROPRIATION: As you can tell, an appropriation covers a very broad area. Because of this, it has been broken down with additional codes and limitations to reflect the major function within the Marine Corps that will benefit from the money.

A. A Subhead is the first breakdown of an appropriation that reflects more detail on the purpose for which funds will be used. For example, your checking account is your appropriation and let's say that the major areas on which you spend money are car operations, apartment rent, food, and entertainment. These broad areas, such as entertainment, would be considered "subheads". For another example, let us deal with the appropriation for Operations and Maintenance, Marine Corps (identified by the coding symbol of 17-1106). This appropriation covers:

(1) All costs of running the day-to-day business of the Marine Corps (Day-to-day costs include paying for utilities, buying 782 gear, purchasing MREs, paying for temporary additional duties, and operating the Financial Management School);

(2) covers operating costs of all Marine Corps posts and stations as well as the operating costs of all FMF units.

B. As stated above, these major breakdowns below the appropriation level are called "Subheads" and to illustrate these breakdowns, the Subheads under appropriation Operations and Maintenance, Marine Corps(O&M,MC) are as follows:

(1) Subhead 27A0: Operating Forces, Expeditionary Forces (coding symbol 27A0) - Expeditionary forces constitute the Marine Air-Ground team, base support establishment, and logistics support.

(2) Subhead 27B0: Operating Forces, Prepositioning (coding symbol 27B0) - Prepositioning includes costs associated with the Maritime Prepositioning (MPS) Forces program and the Norway Air-Landed Marine Expeditionary Brigade prepositioning program.

(3) Subhead 27L0: Training and Recruiting, Accession Training (coding symbol 27L0) - Costs associated with recruit training at MCRD San Diego and Parris Island, and Officer Training School.

(4) Subhead 27M0: Training and Recruiting, Basic Skills and Advanced Training (coding symbol 27M0) Costs associated with basic MOS training courses, mid- and career-level courses, training support and base support costs for operating schools.

(5) Subhead 27N0: Training and Recruiting, Recruiting and Other Training and Education (coding symbol 27N0) - Costs associated with total force recruiting and advertising programs, off-duty education, and Veterans Educational Assistance Program.

(6) Subhead 27T0: Administration and Service wide Activities (coding symbol 27T0) - Costs of Marine Corps-wide efforts for logistical and special support, transportation, personnel management, key volunteer program and headquarters base support.

C. In your Student Handout FMO 0301, pages 11 through 14 you will find a listing of all appropriations granted to the Marine Corps with appropriate titles, abbreviations, appropriation symbols, and corresponding subhead numbers.

5. FUND FLOW PROCESS:

A. Once appropriations are approved by Congress and signed by The President, all funds affecting the Department of Defense (DoD) are passed to the Office of the Secretary of Defense (OSD). OSD will then break out the appropriations applicable to the Department of the Navy (DoN) and send them to the Office of the Assistant Secretary of the Navy for Financial Management (ASN[FM]). ASN(FM) grants the authority for passing funds to subordinate commands to the Navy Comptroller Office (NAVCOMPT).

B. NAVCOMPT passes appropriations out to the applicable Responsible Office within DoN. Responsible Offices are defined as the command element assigned with all budgeting, accounting, and reporting duties for *one specific appropriation*. Examples of Responsible Offices are Navy Sea Command which receives the entire procurement appropriation concerning ship building, Navy Air Command which receives all procurement funds for the purchase of aircraft, Headquarters Marine Corps (HQMC) which receives all appropriations for running our Corps. In each of these examples the Responsible Office, such as HQMC, has all the following duties:

- (1) asking for the funds through a budget;
- (2) accounting for the use of the funds once granted;
- (3) ensuring the funds are spent only on authorized purchases in support of the appropriation;
- (4) ensuring that funds are not over-obligated and that payments do not exceed the amount granted by Congress in the appropriation.

C. The next step in the fund flow process is for the Responsible Office to pass money down to an Administering Office. Remember the Responsible Office controls the whole appropriation. An Administering Office is going to get a significant part of that specific appropriation to manage. We can define an Administering Office as that command element assigned responsibility for budgeting, accounting and reporting for programs financed under a specific subhead within an appropriation.

6. FUND FLOW ORGANIZATIONAL ELEMENTS WITHIN THE MARINE CORPS: Organizational elements within the Marine Corps serve the purpose of identifying "who" is budgeting or expending portions of an appropriation in support of assigned missions. A description of the organizational elements within the Marine Corps is as follows:

A. MAJOR CLAIMANT: A Major Claimant is a command which is designated as an Administering Office. Since the Marine Corps is a small organization compared to the other services, *HQMC assumes the role of Responsible Office, Administering Office, and Major Claimant*. Major Claimants are allowed to issue operating budgets (OPBUDs). An OPBUD provides funding authority from a specific appropriation to a command to accomplish its mission. OPBUD authority is expressed in terms of a specific amount granted to incur obligations and payments in support of

assigned missions and functions. Major Claimants are often referred to as "OPBUD grantors".

B. MAJOR COMMAND RECIPIENTS: A Major Command Recipient is an organizational unit headed by an officer or supervisor who is responsible for the management of financial resources in the unit, and who in most instances, can significantly influence the use of those financial resources within the unit. Each Major Command Recipient is issued a Major Command Recipient Identifier (MCC-RECIP-ID). This 6-digit alphanumeric code identifies them as an intermediate command receiving an operating budget (money) from the Major Claimant. Major Command Recipients are often referred to as "OPBUD holders". *Commander, Marine Forces Atlantic (COMMARFORLANT), Commander, Marine Corps Logistics Bases, Marine Corps Recruit Depots, and Marine Corps Combat Development Command (MCCDC) are examples of Major Command Recipients.*

C. ALLOTMENT RECIPIENTS: An Allotment Recipient is a command that receives an allotment from a Major Command Recipient. An allotment is authority, expressed in terms of a specific amount of funds, granted by competent authority to commit, obligate, and expend funds for a particular purpose. Each Allotment Recipient is assigned a Allotment Recipient Identifier (ALLOT-RECIP-ID). This 6-digit alphanumeric code identifies the installation/activity receiving funds from the Major Command Recipient. *Commander, Air Bases East (COMCABEAST) and Commander, Air Bases West (COMCABWEST) are examples of Allotment Recipients.* Major Command Recipients are also Allotment Recipients when they pass funds to themselves (i.e., MARFORPAC and MARFORLANT).

D. SUBALLOTMENT RECIPIENTS: A Suballotment Recipient is a subordinate command that receives a portion of an allotment from a Major Command Recipient or an Allotment Recipient. Each Suballotment Recipient is assigned a 6-digit alphanumeric ID (SUBALLOT-RECIP-ID) that identifies the installation/activity receiving funds from the Allotment Recipient command. Upon receipt of a suballotment, the holder assumes responsibility for the administration of the funds under the provisions of the Anti Deficiency Act, 31 U. S. Code 1517 (legal responsibility to stay in budget) and the primary allotment holder, who issued the suballotment, is relieved of this responsibility. This is the lowest level to which Anti-Deficiency Act, 31 U.S. Code 1517 responsibility can be passed. Suballotment Recipients are often referred to as "SubOPBUD holders." *Examples of Suballotment Recipients are MCAS Miramar, MCB Camp Smith HI, and I MEF.* Major

Command Recipients are also Allotment/Suballotment Recipients when they pass funds to them selves (i.e., MARFORLANT).

E. WORK CENTER ID: A Work Center is generally the first subdivision of an OPBUD or SubOPBUD. Typically, Work Centers refer to Assistant Chiefs of Staff within a Marine Corps Base, and Major Commands (Div, Wing, FSSG Commanding General) within the Fleet Marine Force. Each Work Center is assigned a Work Center Identifier (WORK-CTR-ID). This 6-digit alphanumeric code identifies the installation/activity receiving funds from the Suballotment Recipient command or higher headquarters. These activities are held financially responsible as subordinate to superior. *An example is the MEF commander (SUB-ALLOT-RECIP-ID) passing funds to the Division, Wing, and FSSG commanders (WORK-CTR-ID) to operate their units.*

F. BUDGET EXECUTION ACTIVITIES (BEA): Budget Execution Activities are subdivisions of Work Center Identifiers. Each Budget Execution Activity is assigned a 2-digit code that identifies them as an organizational element designated by a Work Center to control a specific segment of funds. Legal responsibility for the proper management of the funds is retained by the OPBUD or SUBOPBUD. *An example of a budget Execution Activity is a battalion within a division.*

G. BUDGET EXECUTION SUB-ACTIVITY (BESA): Budget Execution Sub-Activities are subdivisions of Budget Execution Activities. BESA's are established whenever detailed identification of costs below the BEA is desired. Each BESA is assigned a 2-digit identifier that identifies the level in the financial management structure at which financial transactions are initiated. BESA's are the lowest organizational level to which funding is broken down in the Marine Corps. *An example would be assigning companies (BESA's) within a battalion (BEA) to collect detailed costs of operating each company so the battalion can manage funds more effectively.*

REFERENCES:

1. MCO P7300.8
2. DFAS-CL (NAVSO-P) 1000.2M.
3. NAVSO P-3006
4. SABRS Users Manual
5. SABRS Data Dictionary
6. DoDFMR Volume 7A